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ANNUAL REPORT

Year Ended April 30,

1948

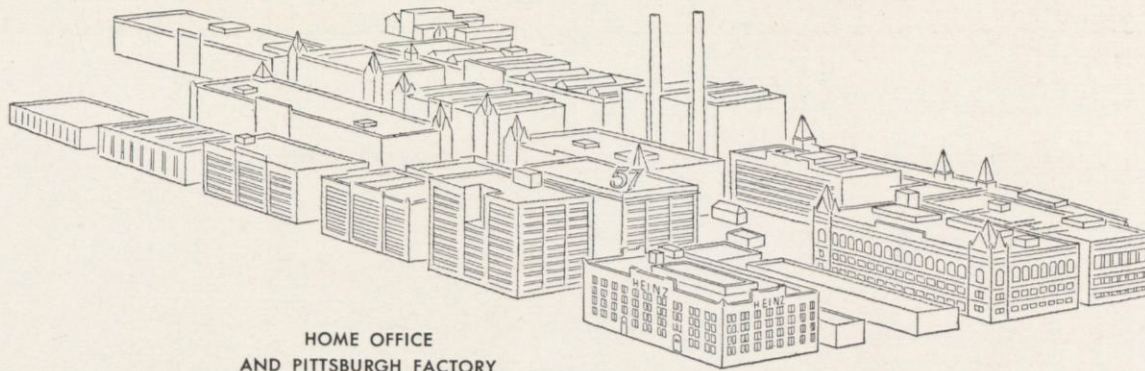
H.J. Heinz Company



H. J. HEINZ COMPANY

PITTSBURGH, PA.

ANNUAL REPORT *year ended April 30, 1948*



HOME OFFICE
AND PITTSBURGH FACTORY

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H. J. HEINZ II
President
With Heinz since 1923



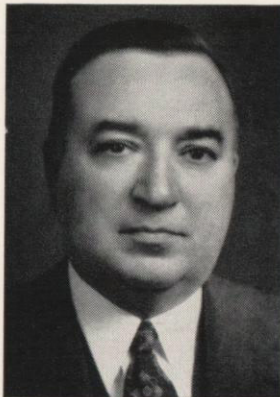
H. N. RILEY
Manufacturing & Research
With Heinz since 1912



A. L. SCHIEL
Executive Vice President
With Heinz since 1914



L. M. MELIUS
Foreign Sales
With Heinz since 1909



J. H. LETSCHE
Sales & Distribution
With Heinz since 1913



FRANKLIN BELL
Advertising
With Heinz since 1928



J. B. HOLCOMB
General Manager of Sales
With Heinz since 1925



J. G. BENNETT
Purchasing
With Heinz since 1905



T. B. McCAFFERTY
Secretary
With Heinz since 1920



CHARLES HEINZ
Personnel
With Heinz since 1926



FRANK ARMOUR, JR.
Manager of Manufacturing
With Heinz since 1927



FRANK B. CLIFFE
Treasurer and Comptroller
With Heinz since 1947

*Executive
Management*

	Elected Director
H. J. Heinz II.	1941
H. N. Riley.	1935
A. L. Schiel.	1941
L. M. Melius.	1941
J. M. Stratton.	1941
J. H. Letsche.	1942
Franklin Bell.	1943
J. B. Holcomb.	1943
J. G. Bennett.	1944
T. B. McCafferty.	1944
Charles Heinz.	1945
Frank Armour, Jr.	1947

Directors

H. J. Heinz II.	President
A. L. Schiel.	Executive Vice President
H. N. Riley.	Vice President in Charge of Manufacturing and Research
J. H. Letsche.	Vice President in Charge of Sales and Distribution
T. B. McCafferty.	Secretary
Frank B. Cliffe.	Treasurer and Comptroller

Officers

Transfer Agents

CITY BANK FARMERS TRUST COMPANY, New York, N. Y.
MELLON NATIONAL BANK AND TRUST COMPANY, Pittsburgh, Pa.

Registrars

GUARANTY TRUST COMPANY OF NEW YORK, N. Y.
FIDELITY TRUST COMPANY, Pittsburgh, Pa.

Annual Meeting

Last Tuesday of August
2 P.M. Pittsburgh

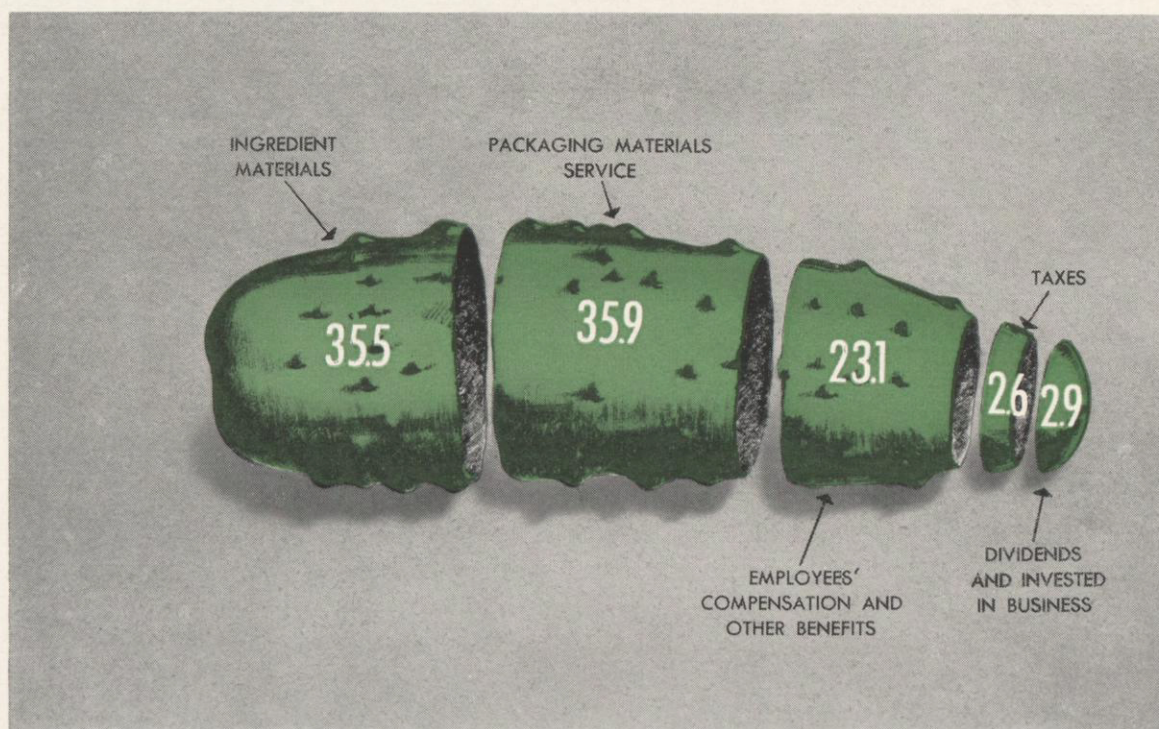
H. J. HEINZ COMPANY

And Consolidated Subsidiary Companies

		<u>12 Months Ended April 30</u>	
		<u>1948</u>	<u>1947</u>
<i>Summary</i> OF CONSOLIDATED FINANCIAL RESULTS	Net Sales	\$169,455,201	\$144,245,863
	Net Income (after taxes and appropriations for contingencies) . . . \$	5,033,324	\$ 6,104,286
	Net Income per Share of Common Stock—after taxes and appropriations for contingencies and Preferred Dividends . . . \$	3.32	\$ 4.14
	Number of Shares of Common Stock Outstanding (Year End) . . .	1,408,664	1,408,664
	Dividends Paid on Common Stock \$	2,535,595	\$ 2,174,956
	Dividends Paid per Share of Common Stock \$	1.80	\$ 1.65
	Total Taxes charged to Income \$	6,141,555	\$ 7,842,497
	Total Taxes per Share of Common Stock \$	4.36	\$ 5.57
	Appropriated for Contingencies	\$ 1,000,000	\$ 2,500,000

Dividends were declared quarterly and paid on each share of preferred and common stock on the following dates:

	<u>Preferred</u>	<u>Common</u>
July 1, 1947	\$.9125	\$.45
October 1, 19479125	.45
January 1, 19489125	.45
April 1, 19489125	.45
Total for the fiscal year	\$3.65	\$1.80



*How our
Income
was used*

U.S.A.

OPERATIONS

AS USUAL, our payments for tomatoes, cucumbers, milk, meat, butter, fruits, spices and other farm products consumed a large part of our income, \$45,256,719, or, from each dollar of income **35.5¢**

WE PAID, for tin and glass containers, cartons, transportation and other services, a total of \$45,737,408, or, from each dollar of income **35.9¢**

EMPLOYEES were paid wages and salaries that totalled \$26,654,411, and the Company paid for vacations, pensions, life insurance and social security taxes for the employee's benefit a total of \$2,857,033, or, from each dollar of income **23.1¢**

FEDERAL, state and local taxes (except the social security taxes) totalled \$3,254,880, or, from each dollar of income **2.6¢**

AFTER meeting all of these expenses, there remained a balance available for stockholders—for dividends, protection against possible future losses, or reinvestment in the business, \$3,708,519, or, from each dollar of income **2.9¢**

THE BALANCE shown above as available for stockholders from U.S.A. sales and miscellaneous net income, plus similar balances from our operations in Canada, England and Australia, totalled \$6,033,324. Of this amount, \$2,897,497 was paid as dividends and \$3,135,827 was left in the business to finance expanded plants, inventories and other Company needs throughout the world, and to protect the Company against possible future losses.

President's Report

TO STOCKHOLDERS
AND EMPLOYEES

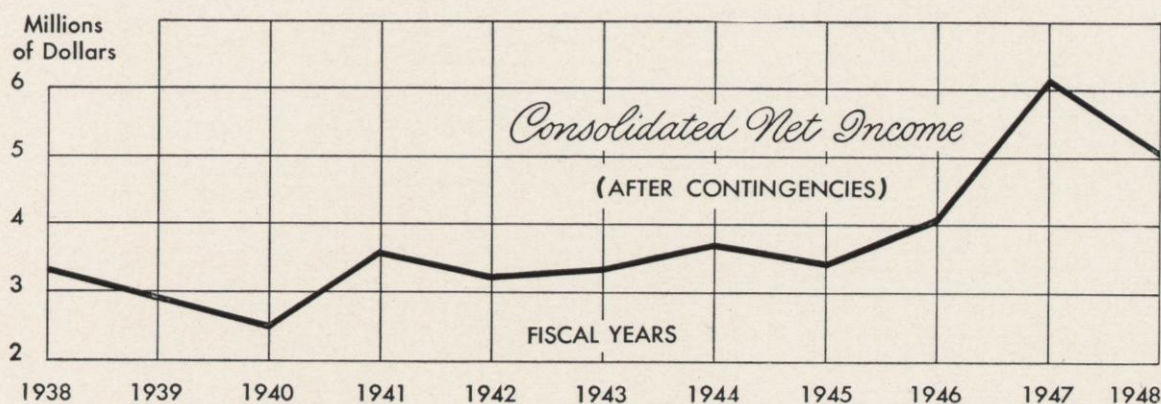
A NEW SALES RECORD of \$169,455,201 was established in the fiscal year ended April 30, 1948. This reflected a general return to peacetime availability of raw materials and containers, and increasing recognition by consumers and the food distributing trade of the quality, flavor and economy of Heinz products.

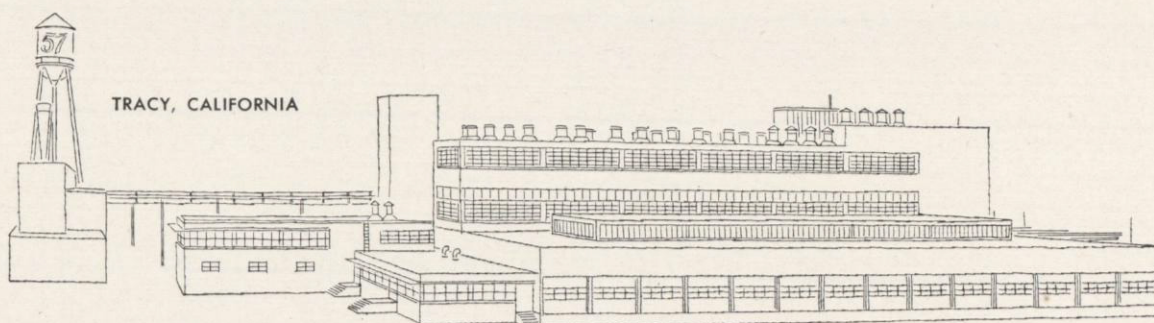
Net income (after provision for contingencies) was \$5,033,324, compared with \$6,104,286 in 1947. This reduction in the rate of profit was our contribution to keeping down the cost of living. Our selling prices were not increased as soon or as much as the costs of our raw materials, supplies, and payrolls. Further, in accordance with plans developed a year ago, there were substantially larger expenditures for advertising, to strengthen

Heinz' position in a highly competitive market.

Profits were adequate to maintain the dividend rates established in 1946 on the outstanding preferred and common stocks. As has been our custom, income beyond the amounts declared as dividends this year was retained in the business and applied toward larger inventories and more factory facilities made necessary by the growth of our business.

As previously reported, most of our production and sales operations are in the United States; this year \$127,468,970, of our total sales of \$169,455,201, were made in the U.S.A. The remainder represents manufacturing and sales operations in Canada, England and Australia, and distribution throughout most of the world.





PURCHASING

PRICES of many farm products have been subject to wide fluctuations, reflecting changes in Government buying policies, speculative activity and the farmers' collective judgment of the most favorable time to sell. Supplies of most of our important ingredients are adequate for domestic needs, but prices have been sensitive to the large quantities purchased by the Government for export, beyond the normal trade movements.

It has been our general policy to maintain our inventories of materials at a level sufficient to assure continuity of operations.

Here are a few examples which provide some idea of quantities of our annual purchases:

Over a billion labels—requiring as much paper as 16 million copies of an average size newspaper.

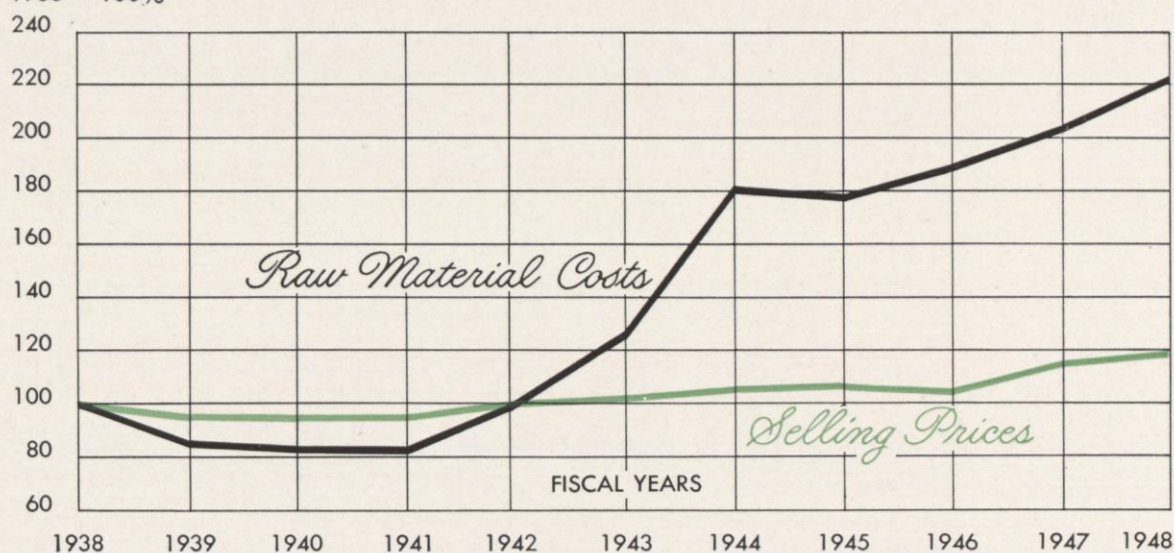
100,000 tons of glass—enough to make a bottle nearly twice as high as the Empire State office building.

Tin cans for our products (most of them made by us), if placed end-to-end, would circle the world five times.

We buy over 40 million dollars' worth of farm products.

*United
States*

1938 = 100%



PRODUCTION

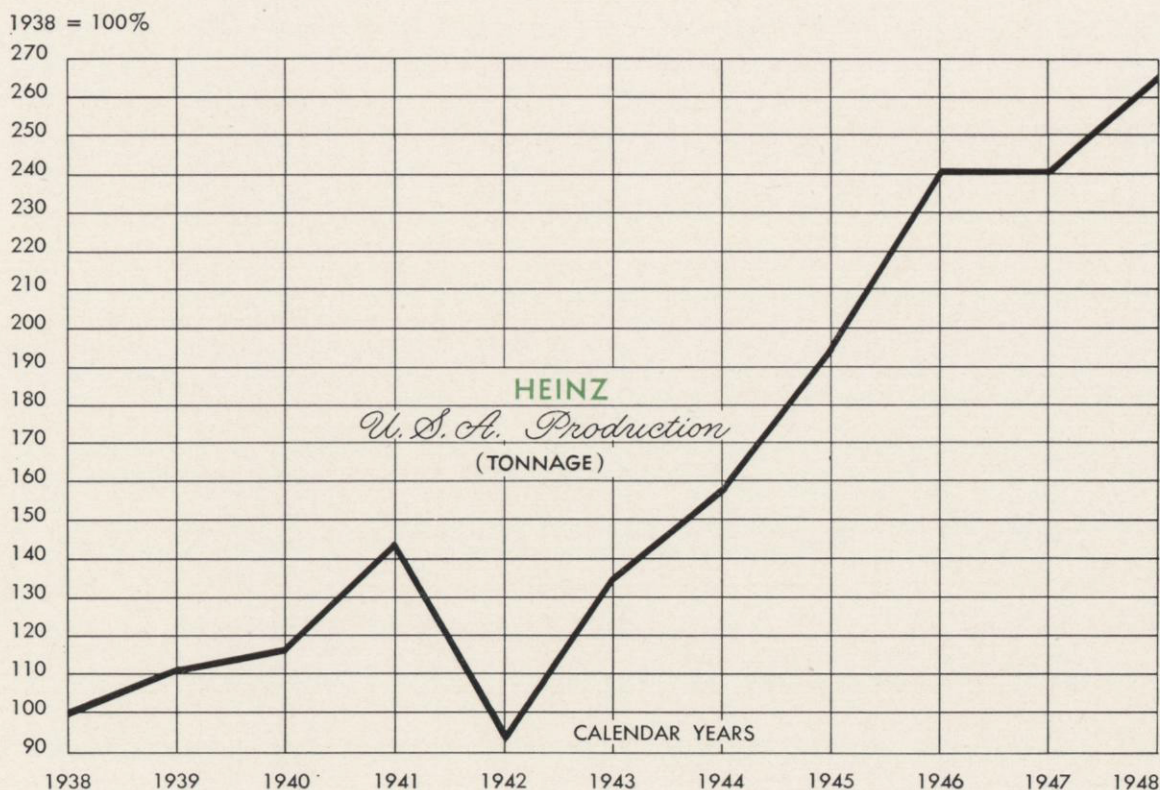
OUR PRODUCTION, measured in tonnage, reached an all-time high—10% greater than 1946, which was the previous record year. This increased production was accomplished by operating our existing equipment more efficiently and for longer periods of time. There were few additions to our manufacturing buildings, but important rearrangement and modernization of facilities were made: the most noteworthy being the installation of a soup department and facilities for making puddings at the Fremont, Ohio, factory. Major construction during the year included warehouses at Medina, N. Y. and Berkeley, California.

Of great interest and effect on our production picture was the resumption of the manufacture of some of our old established varieties that had not been made since early in the war, such as:

Chili Con Carne
Fig Pudding
Plum Pudding
Cooked Macaroni
Currant Jelly
Crabapple Jelly
Beef Noodle Soup
Cream of Chicken Soup
Chicken with Rice Soup

There was also a marked increase in the quantity of other long time favorites such as:

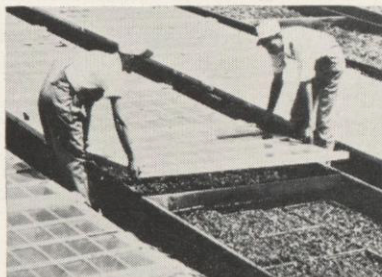
Tomato Products
Pickles
Vinegar
Baked Beans
Cooked Spaghetti



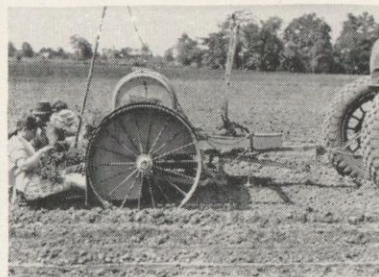
TOMATOES — FROM SEED TO FINISHED PRODUCT



1 "Aristocrat" seeds are sown in perfectly prepared ground.



2 Growing seedlings are protected in glass covered outdoor beds.



3 A family transplants while the soil is in prime condition.



4 Spraying the crop is all-important as plants begin to mature.



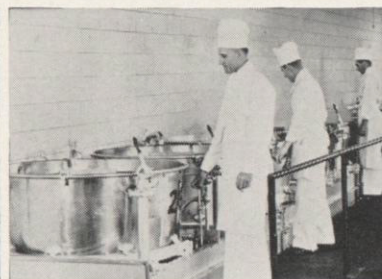
5 The grower harvests his tomatoes at the peak of their ripeness.



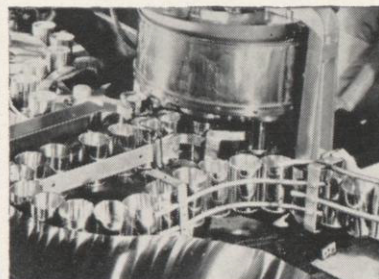
6 Unloaded quickly at factory, tomatoes are soon kitchen-bound.



7 To retain the rich color and flavor, processing begins at once.



8 In gleaming kettles, the tomatoes are skillfully processed into soup.



9 Poured into tins, this soup soon will be on America's tables.



RESEARCH AND QUALITY CONTROL

RESEARCH and quality control activities penetrate all phases of production, including acquisition of raw materials, processing, and protection of quality until the finished product reaches its ultimate destination.

Our staff of scientists has been increased and the number of specialists devoted to research and quality control is the largest in our history.

Typical research projects which are making a major contribution not only to the welfare of the Company, but also in some cases to agriculture and the food industry, include improvement of strains of tomatoes; use of fertilizer; possible increase in yield from tomatoes; methods of handling fresh vegetables; development of new machinery; methods of sterilization; retention of nutritive values under various methods of processing.

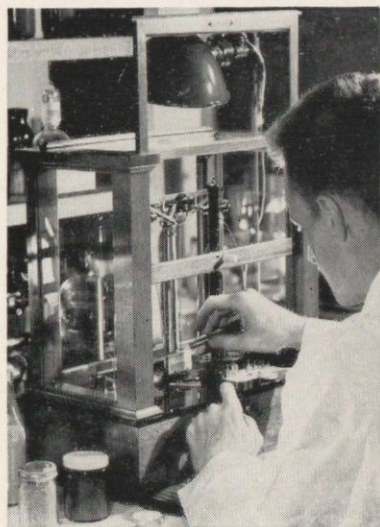
The quality of our product is our primary con-

cern; it will not be subordinated to convenience or economy. No new process is approved unless the effect on the nutritive value and general quality of the product is satisfactory.

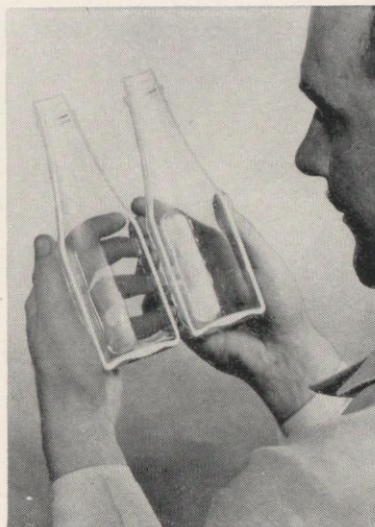
Heinz has been processing quality foods for 79 years. During that period there has been continuous improvement in methods; in standards and in technical proficiency. Further important technological improvements are imminent as we continue our search for better methods and better products.

SALES

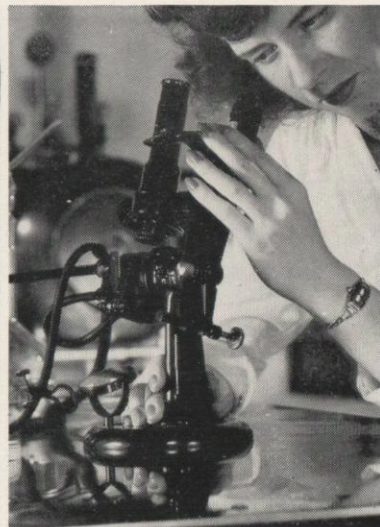
U.S.A. SALES totalled \$127,468,970 (including minor inter-company sales) during the year ended April 30, 1948, an increase of 15% over the previous year and a new high in both dollars and tonnage. Only a small proportion of increased sales is represented by higher prices. Every effort was made to absorb the increased costs of production and distribution through greater efficiency



Heinz scientists test all ingredients which we use and control quality from raw material to finished product.



Specimen containers are halved by a diamond inset wheel to inspect side-walls and neck for uniformity.



A technician uses a microscope to check food samples against specific standards which must be rigidly enforced.

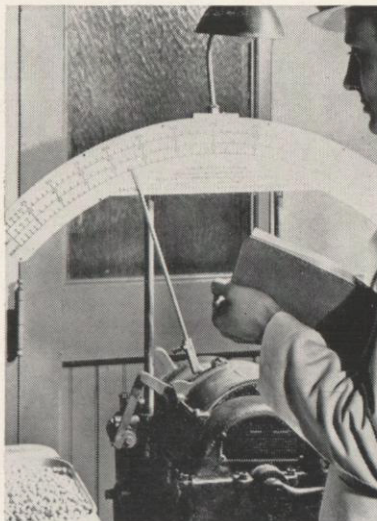
A laboratory worker conducts tests on a consistometer to assure quality and uniformity of Heinz products.



The amount of strength needed to remove a cap from a container is shown on the scale of the torquemeter.

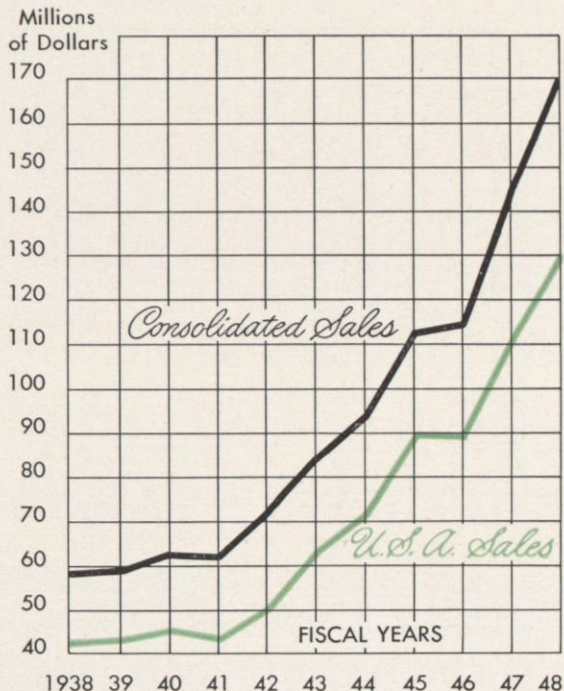


To make certain of the exact degree of tenderness of peas, the technician is operating a "tenderometer".



rather than through higher prices. Heinz merchandise is thus available to the consumer at very little above the price level of the previous year. The reintroduction of old established varieties not available since early in the war has of course contributed to the larger sales.

The growth in business has placed an increasing burden on our branch warehouse facilities. New and larger warehouses have been built for our use on long term lease in 9 cities. Our distribution system now includes 60 sales branch warehouses. Heinz is unique in that it is one of the few large national food processors that sell and deliver directly to retail outlets. We have salesmen in every major city and town who make 75,000 calls regularly each week on grocers and restaurateurs. This system enables us to service stocks consistently and provide the trade with modern merchandising assistance.



PERSONNEL RELATIONS

MANAGEMENT and employees continued to cooperate in making Heinz a friendly place to work.

The Group Life Insurance Program covered, at the end of the fiscal year, 10,656 employees with \$8,351,750 of free life insurance, the full cost of which was assumed by the Company. 78% of these employees also carried an additional \$17,847,000 of life insurance under a contributory plan in which employees and Company share the cost.

During the past year \$169,700 was paid to the beneficiaries of employees. Since the adoption of the insurance plan in July, 1917, a total of \$2,577,200 has been paid in death and disability claims to 1,065 families of employees.

During the year the vacation policy for both hourly paid and salaried employees was liberalized to grant three week's vacation for employees who have been with the Company for 20 years or

more. 1,009 employees will receive this additional week of vacation during 1948.

The Company's policy of retirement at age 65, under which 73 employees retired last year, provides assurance of income for our older employees and continued opportunity for promotion of young and competent men and women.

The Company is instituting, as of July 1, 1948, a liberalization of its pension plan. Voluntary contributions by employees and contributions by the Company will secure for participating employees much larger benefits than under the present plan, plus options for early retirement and payment of a pension to a dependent who may survive the employee. The changes have been approved by the Company's Consulting Actuary, and by the Federal Government as to tax deductibility by the Company.

Pittsburgh employees returning from Community Chest rally in the Service Building.



The employees' Suggestion System again proved a very practical and effective means of stimulating employees to participate in the improvement of the business over and above their immediate job responsibilities. During the year 275 suggestions were accepted for awards.

Opportunity for promotion continued to be an outstanding advantage of working for the Company. During the year many promotions were made in the management staff. In addition to a large number on the hourly payroll who were upgraded, there were many transfers from the hourly payroll to the management staff. It is our policy whenever possible to fill executive and supervisory positions by promotion from within the Company.

The accident rate of all Heinz factories for 1947 was well below the national average for the food industry. Heinz factories showed only 12.2 lost-time accidents per million man hours worked, as against the national average for the industry, according to the National Safety Council, of 21.24. The Company has always had a high regard for the human and economic benefits to be derived from a good safety program.

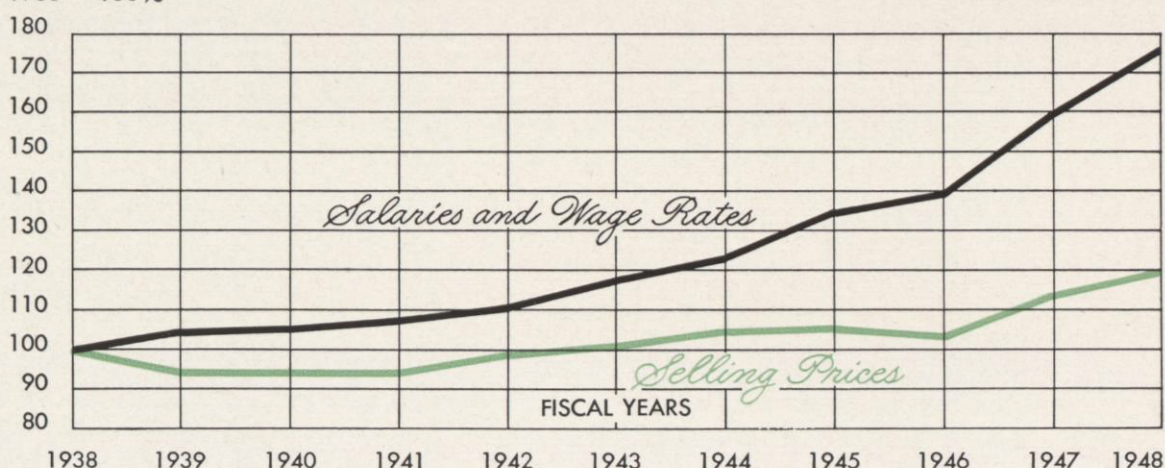


The Suggestion System encourages employees to submit ideas for operational improvements. A factory manager, above, is presenting a \$231.59 award to an employee for a worthwhile suggestion.



Employee health and safety are important. The Company provides medical service at each factory. The nurse, above, offers prompt first-aid when needed.

1938 = 100%





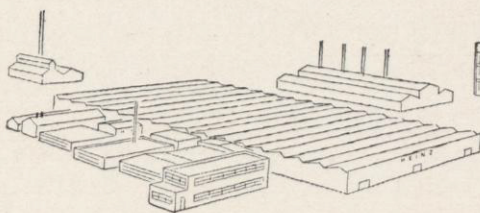
THEIR HAS BEEN sufficient improvement in the supply of basic raw materials and containers to permit sales to reach a new high in our history; 36% above 1947. Further increases will be made as rapidly as Government controls permit us to obtain larger quantities and wider varieties of ingredients. The British Ministry of Food continues to purchase in bulk most important ingredients, which are later allocated to manufacturers.

There has been wide-spread acceptance of Heinz Strained Foods, which are being produced in the Standish factory located in an area in which the Government wished to encourage new employment opportunities. Demand exceeds our present capacity, and plans to install additional equipment are being made.

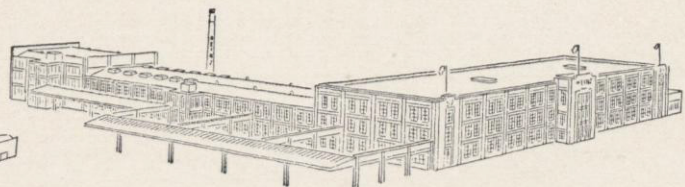
A plan has been developed whereby persons in the United States or Canada can buy food parcels for delivery to friends or relatives in the British Isles, except Eire. The food is produced by Heinz of England (as well as other cooperating food manufacturers in England) and delivered promptly to the designated person, ration point

free. The plan has been approved by the appropriate agencies of the British Government as a desirable way of increasing the total food supply available in Great Britain and at the same time improving the British dollar exchange position. Arrangements are being made for such orders to be accepted by a number of leading stores in U.S. and Canadian cities, and by any sales office of H. J. Heinz Company. For a given expenditure by an American or Canadian donor, this furnishes a larger amount of food to the British recipient by saving the ocean freight, export packing, customs costs and insurance involved in trans-oceanic shipments and assures safe and prompt delivery.

The increasing demand for Heinz products can be met fully only after Government restrictions on the use of important ingredients and tinplate have been relaxed. An early improvement in the British supply situation is not anticipated and existing limitations will probably continue during the year. When supplies are again available a substantial expansion in our production and distribution facilities will be needed to satisfy consumer demand.



STANDISH, ENGLAND



HARLESDEN, ENGLAND



SALES in Canada last year were the largest in the history of H. J. Heinz Company of Canada Ltd. and were 18% larger than our fiscal year of 1947. During the early months, sales were handicapped by shortages of some raw materials and still existing Government controls. Beginning with the fall period, price and supply controls were either modified or completely removed, and during the final months of the fiscal year practically no outside controlling factors interfered with the growth of our business. Many Heinz products which were wartime casualties came back on the Canadian market and universal distribution was re-established in retail outlets.

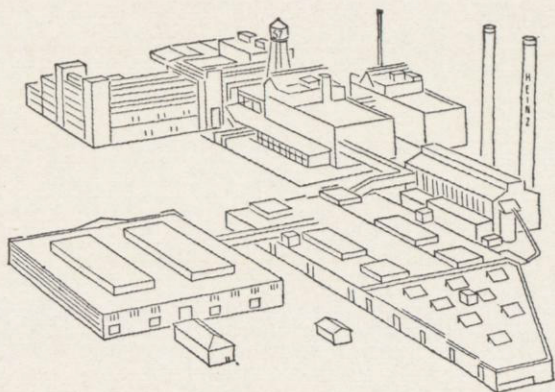
The Canadian "austerity" program made effective by the Canadian Government in November,

1947, to conserve American dollars, did not seriously affect our business since most of our raw materials are procured in Canada. The ban on the importation of practically all processed foods has temporarily worked to our advantage.

We have held price increases to less than the increases in our manufacturing costs.

Before the war, and in the fiscal year ended April 30, 1947, exports were an important part of the sales of the Canadian Company. For the year ended April 30, 1948, however, currency exchange controls in many of the countries to which we had formerly exported, restricted or prevented our sales. Fortunately, the loss of much of our export market has been offset by the growing sales within Canada.

*Heinz of
Canada*



WALLACEBURG, CANADA

LEAMINGTON, CANADA

ADVERTISING

ADVERTISING has played a continuous and vital part in building this business ever since it was founded in 1869. The first double-page spread food advertisement to appear in the Saturday Evening Post was placed by H. J. Heinz Company in March, 1908 to feature Heinz Oven-Baked Beans.

Every year, without interruption, we have invested in advertising to acquaint the public with the quality, nutritional value and flavor of our merchandise. Every Heinz advertisement is designed to sell not only the product but also confidence, respect and good will for the Company.

Advertising is an essential tool of sales promo-



Top award in the 16th National Competition and Exhibit of Outdoor Advertising Art was presented to H. J. Heinz Company for the Heinz Soup "Sniffer" billboard used in our 1947 campaign. Out of 828 posters—the largest competition ever entered—this was acclaimed the best 24-sheet poster of 1947.

tion. It is also a form of business insurance. It insures the life of a business by "staking out for it a franchise on public buying power." When you own a *consumer demand* for a brand of goods for which a large number of people ask in the retail stores every day by name, you own something as valuable as real estate or Government bonds. Con-

sistent, courageous advertising in good times and bad builds public preference that outlasts sellers' markets, buyers' strikes, and even depressions. In line with this established policy and conviction, we continued this past year our aggressive advertising schedules in magazines, trade papers, newspapers, billboards and direct mail.



HEINZ

Condensed

SOUPS





SHORTAGES of raw materials and containers continue to characterize the operations of the Australian subsidiary, as they have since the end of the war.

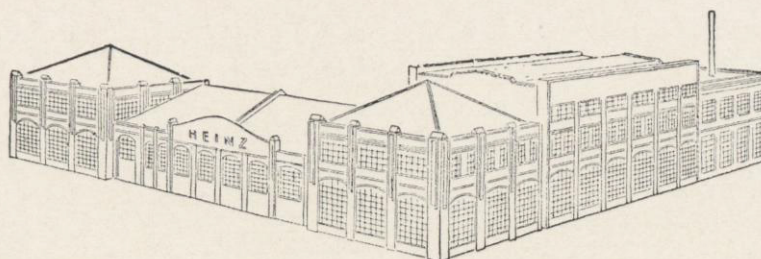
Australian business for the year ended April 30, 1948, showed an increase in sales of 35%. This has been accomplished by adapting the production and sales of the Australian Company to the regulations controlling the use of tinplate, and by better sales organization and stronger sales promotion to obtain larger sales of the limited number of varieties whose production is permitted.

These gains were accomplished in the face of increasingly intensive competition, due to the fact

that all manufacturers of canned foods and vegetables are controlled by the same tinplate regulations which narrow the field of endeavor open to each and tend to force more and more companies into the manufacture of the few varieties for which the use of tinplate is permitted. This floods the Australian market with certain varieties. It also induces organizations which formerly confined their activities to a single segment of the canned foods industry to go into all of the segments for which tinplate is currently available.

Plans are well advanced to expand production and sales when present restrictions are modified or removed.

*Heinz of
Australia*



MELBOURNE, AUSTRALIA

FINANCING

CAPITAL FUNDS obtained in October, 1946, by the sale of preferred and common stock have been fully utilized throughout the past year to meet the larger inventories and receivables required for our larger sales volume. In addition, the Company has followed its usual pattern of borrowing for seasonal requirements. Similar seasonal borrowings have been made by the subsidiary companies in Canada, England and Australia. These seasonal borrowings (except in Australia) reach their peak in the early fall and are then reduced as the seasonal inventories are sold.

Heinz processing of quality foods falls into two broad patterns.

Some must be processed as the crops ripen, to secure the finest quality, flavor and color. This

part of our work follows the pattern of the farmers' harvesting from the early southern ripening of fruits and vegetables to the late fall ripening of apples. These products require us to pack the entire year's expected demand during the harvest season for each crop. In turn, this means large investments through much of the year in finished goods inventories and in warehouse space.

Some of our foods, however, are processed from ingredients that are available at any season of the year. This production is used, so far as possible, to balance out our employment throughout the year and to utilize our facilities between seasonal crops. Relatively small investment is needed in these inventories as production can be adjusted to demands.

WE ARE FACING the current year with confidence in spite of the uncertainties which are normal in our kind of business and the present abnormal world conditions. Our confidence is based largely on the fact that we have an able and seasoned organization handling our affairs.

Most of the raw material used for our products comes from farms and orchards and the supply under natural conditions is controlled by the weather, always an uncertainty. The location of our factories in widely separated growing areas helps to minimize this risk. The prices of some raw materials in world demand may be affected by governmental policies. Many of our products and containers are made of strategic materials which may be placed under government allocation if the international situation does not improve.

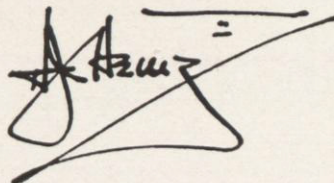
The continued rise in the level of our manufacturing costs is of great concern, for we realize that there are natural limits to what consumers will pay for any product. We believe that present

costs, prices and taxes are all too high for nurturing a sound economy.

It has been our steadfast policy down through the years to make our products of the highest possible quality. This we will continue to do. The management personnel of all divisions of the business are keenly aware of the necessity for keeping costs on a basis that will permit prices of our products to remain attractive to the consumer. We have both the facilities and the organization to produce and sell quality and quantity.

The loyal and efficient service of the men and women of Heinz and the confidence of our stockholders are gratefully acknowledged and appreciated by management.

Yours very truly,

A handwritten signature in black ink, appearing to read "J. H. Heinz", with a large, sweeping flourish extending from the bottom right.

Outlook

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TOUCHE, NIVEN, BAILEY & SMART

FOREIGN CORRESPONDENTS

CANADA
CUBA
ENGLAND
FRANCE

CERTIFIED PUBLIC ACCOUNTANTS

643 LIBERTY AVENUE

PITTSBURGH 22, PA.

NEW YORK
CHICAGO
DETROIT
ST. LOUIS
MINNEAPOLIS
CLEVELAND
PITTSBURGH
DAYTON
LOS ANGELES
SEATTLE

June 10, 1948

BOARD OF DIRECTORS,
H. J. HEINZ COMPANY,
Pittsburgh 30, Pennsylvania.

We have examined the consolidated balance sheet of H. J. Heinz Company and its consolidated subsidiary companies as of April 30, 1948, and the consolidated statements of income and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the domestic and Canadian companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the domestic and Canadian companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

The financial statements of the subsidiary companies in England and Australia have been examined by independent chartered accountants for the same period, and we have been furnished with reports covering such examinations. Net assets of these subsidiaries on April 30, 1948, amounted to 13% of the net assets shown in the consolidated balance sheet.

In our opinion, based upon the examinations made by us and relying upon the previously mentioned reports of independent chartered accountants with respect to the financial statements of subsidiary companies in England and Australia, the accompanying balance sheet and related statements of income and surplus present fairly the position of H. J. Heinz Company and its consolidated subsidiaries at April 30, 1948, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Niven, Bailey & Smart

Certified Public Accountants

H. J. HEINZ COMPANY

And Consolidated Subsidiary Companies

COMPARATIVE CONSOLIDATED BALANCE SHEET

(See Note 1)

ASSETS

	April 30,	
	1948	1947
CURRENT ASSETS:		
Cash in banks and on hand.....	\$ 4,634,770	\$ 9,301,937
United States Government obligations—at cost.....	73,023	73,023
Accounts receivable:		
Trade debtors—less reserves.....	13,032,756	8,925,735
Sundry debtors.....	962,371	1,087,879
Inventories of finished goods, work in process, and materials and supplies on the basis of cost (average) or market whichever is lower (See Note 2).....	59,829,713	48,414,460
Devon Cannery (foreign)—advances in connection with operations.....	247,344	124,836
Prepaid expenses:		
Supplies.....	1,091,614	821,099
Insurance, taxes, etc.....	588,096	448,699
Total current assets.....	<u>\$ 80,459,687</u>	<u>\$ 69,197,668</u>
OTHER ASSETS:		
Unamortized cost of lug boxes, baskets, pallets, etc.....	\$ 902,809	\$ 903,805
Deposits with mutual and reciprocal insurance groups.....	337,131	315,392
Investment in and advances to non-consolidated foreign subsidiary—at cost.....	234,770	233,997
War-damage claims (foreign).....	193,085	352,051
Post-war refund of English and Canadian excess profits taxes...	177,975	177,975
Miscellaneous (including secured stock contracts with directors).....	205,084	223,335
	<u>\$ 2,050,854</u>	<u>\$ 2,206,555</u>
FIXED ASSETS:		
Land—at cost.....	\$ 2,376,715	\$ 2,427,059
Buildings and leasehold improvements—at cost.....	20,490,138	19,914,422
Equipment and fixtures—at cost.....	33,041,051	30,790,349
	<u>\$ 55,907,904</u>	<u>\$ 53,131,830</u>
Less reserves for depreciation.....	23,493,781	22,254,021
	<u>\$ 32,414,123</u>	<u>\$ 30,877,809</u>
	<u>\$114,924,664</u>	<u>\$102,282,032</u>

See Notes to Consolidated Financial Statements.

COMPARATIVE CONSOLIDATED BALANCE SHEET (Continued)

	LIABILITIES	
	April 30,	
	1948	1947
CURRENT LIABILITIES:		
Notes payable—United States and Canada.....	\$ 7,275,000	\$ —
Loans on open credit—England and Australia.....	3,434,143	488,261
Accounts payable:		
Trade creditors.....	4,734,794	5,201,567
Due to former officers and employees.....	238,611	587,941
Due to trustees under employees' retirement systems (See Note 3).....	1,164,217	901,553
Sundry creditors.....	350,996	560,657
Accrued liabilities:		
Salaries, wages, and other expenses.....	2,521,168	1,476,620
Federal, state, and local taxes (other than on income).....	660,828	677,832
Reserve for taxes on income:		
United States Government.....	2,350,000	3,800,000
Foreign (less income tax certificates: 1948, \$81,707; 1947, \$560,381).....	1,783,160	1,646,145
Total current liabilities.....	<u>\$ 24,512,917</u>	<u>\$ 15,340,576</u>
OTHER LIABILITIES:		
Due to former officers and employees—payable after one year..	\$ 1,204,806	\$ 1,289,015
Under management profit-sharing plan—generally payable after retirement.....	2,114,445	1,966,642
Future income taxes (foreign).....	1,247,750	684,250
Post-war repairs and replacements to plant and equipment (foreign).....	523,013	590,649
Workmen's compensation claims.....	—	25,000
	<u>\$ 5,090,014</u>	<u>\$ 4,555,556</u>
RESERVES:		
Representing appropriations of earned surplus for possible future inventory price decline, possible loss in foreign assets, and other contingencies.....	<u>\$ 8,250,000</u>	<u>\$ 7,250,000</u>
CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized: 1948, 198,049 shares; 1947, 200,000 shares—par value \$100 per share—issuable in series:		
3.65% series — authorized, issued, and outstanding: 1948, 98,049 shares; 1947, 100,000 shares (See Note 4) ..	\$ 9,804,900	\$ 10,000,000
Common stock—authorized, 2,000,000 shares—par value \$25 per share:		
Issued, 1,640,000 shares; held in treasury, 231,336 shares; outstanding, 1,408,664 shares.....	35,216,600	35,216,600
Capital surplus—reduced in 1948 by net excess of cost over par value of preferred stock retired.....	2,805,106	2,810,000
Earned surplus—per accompanying statement (See Note 5) ..	29,245,127	27,109,300
	<u>\$ 77,071,733</u>	<u>\$ 75,135,900</u>
	<u>\$114,924,664</u>	<u>\$102,282,032</u>

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY
And Consolidated Subsidiary Companies

COMPARATIVE CONSOLIDATED EARNED SURPLUS

	Fiscal Year Ended April 30,	
	1948	1947
Balance, May 1	\$27,109,300	\$24,061,333
Add:		
Net income for the year	\$6,033,324	\$8,604,286
Less: Appropriated for possible future inventory price decline, possible loss in foreign assets, and other contingencies	1,000,000	2,500,000
Balance of net income—per accom- panying statement	5,033,324	6,104,286
	<u>\$32,142,624</u>	<u>\$30,165,619</u>
Deduct:		
Dividends paid in cash:		
4% cumulative preferred stock	\$ —	\$ 100,000
3.65% cumulative preferred stock	361,902	168,308
Old common stock (\$100 par value) at \$3.00 per share	—	906,798
New common stock (\$25 par value): 1948, \$1.80 per share; 1947, \$.90 per share	2,535,595	1,268,158
	<u>\$2,897,497</u>	<u>\$2,443,264</u>
Provision for foreign taxes applicable to prior years' profits	—	358,225
Excess of cost over par value of treasury stock acquired	—	8,496
Retirement premium on 4% cumulative preferred stock	—	150,000
Expenses incurred in registration of Company's securities	—	96,334
	<u>2,897,497</u>	<u>3,056,319</u>
Balance, April 30 — to accompanying balance sheet	<u>\$29,245,127</u>	<u>\$27,109,300</u>

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY
And Consolidated Subsidiary Companies

COMPARATIVE CONSOLIDATED INCOME

	Fiscal Year Ended April 30,	
	1948	1947
Net sales.....	\$169,455,201	\$144,245,863
Cost of sales (See Note 6).....	118,725,604	100,415,998
Gross profit.....	\$ 50,729,597	\$ 43,829,865
Selling, general, and administrative expenses (See Note 6).....	40,623,698	29,750,557
	<u>\$ 10,105,899</u>	<u>\$ 14,079,308</u>
Other income:		
Discounts earned.....	\$ 561,878	\$ 447,780
Interest earned.....	37,916	56,156
Profit on sales of fixed assets (net).....	214,354	103,597
Foreign exchange adjustments (net).....	21,507	478,520
Miscellaneous (net).....	159,959	64,170
	<u>\$ 995,614</u>	<u>\$ 1,150,223</u>
	<u>\$ 11,101,513</u>	<u>\$ 15,229,531</u>
Other deductions:		
Interest expense.....	\$ 291,114	\$ 205,347
Provision for management profit-sharing.....	283,938	256,054
	<u>\$ 575,052</u>	<u>\$ 461,401</u>
	<u>\$ 10,526,461</u>	<u>\$ 14,768,130</u>
Provision for taxes on income:		
United States Government.....	\$ 2,247,621	\$ 3,669,806
Foreign.....	2,245,516	2,494,038
	<u>\$ 4,493,137</u>	<u>\$ 6,163,844</u>
Net income for the year.....	\$ 6,033,324	\$ 8,604,286
Appropriated for possible future inventory price decline, possible loss in foreign assets, and other contingencies....	1,000,000	2,500,000
Balance of net income—to earned surplus.....	<u>\$ 5,033,324</u>	<u>\$ 6,104,286</u>

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY
And Consolidated Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 1948

(1) In the preparation of the consolidated balance sheet and the related statements of consolidated income and surplus, all subsidiary Companies, with the exception of the Spanish and Belgian subsidiaries, have been consolidated. The Spanish subsidiary, which is not significant, has not been consolidated because of uncertain foreign exchange conditions. The investment in the Belgian subsidiary was written off in a prior year.

Current assets and current liabilities of the Canadian Company and of the English Company and its Australian subsidiary have been translated from foreign currencies at official selling rates of exchange prevailing at the end of the fiscal year; the remaining assets and liabilities have been stated, in the main, at their approximate United States dollar equivalent at the time of acquisition. The subsidiary Companies are subject to exchange controls imposed by foreign governments.

Consolidated assets less liabilities were located as follows:

	April 30,	
	1948	1947
Canada	\$10,202,627	\$10,111,800
England	9,797,721	9,312,647
Australia	1,597,231	1,477,699
Total foreign	\$21,597,579	\$20,902,146
United States	63,724,154	61,483,754
Consolidated net assets	<u>\$85,321,733</u>	<u>\$82,385,900</u>

The net sales and net income of foreign subsidiaries, before foreign exchange adjustments, as included in the consolidated statement of income, follow:

Year ended April 30:	Net Sales	Net Income before Foreign Exchange Adjustments
1948	\$41,989,636	\$2,303,298
1947	<u>\$33,276,223</u>	<u>\$2,073,525</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1, Continued) During the fiscal year ended April 30, 1948, dividends amounting to \$1,006,250 were received in the United States from the consolidated foreign subsidiaries as compared with \$2,999,113 in the previous fiscal year.

(2) Inventories are classified as follows:

	<u>Total</u>	<u>Parent Company</u>	<u>Foreign Subsidiaries Consolidated</u>
Finished goods.....	\$36,117,559	\$26,977,389	\$ 9,140,170
Work in process.....	3,924,771	2,671,470	1,253,301
Materials and supplies.....	19,787,383	12,391,132	7,396,251
	<u>\$59,829,713</u>	<u>\$42,039,991</u>	<u>\$17,789,722</u>

(3) Under the Companies' voluntary self-administered employees' retirement systems, payments and accruals aggregating \$7,403,038 had been made for prior and current service costs as of April 30, 1948. The balance of the actuarial estimate for prior service costs (neither funded nor accrued on April 30, 1948) amounted to \$3,135,543, of which \$1,338,311 was applicable to the foreign subsidiaries.

(4) The 3.65% cumulative preferred stock is redeemable on or before October 1, 1951 at a price of \$107.75 per share for optional redemption, or at a maximum price of \$105.25 if redeemed through the sinking fund, and at decreasing prices thereafter. The Company made its first annual payment of \$200,000 to the sinking fund for the purchase and redemption of the 3.65% cumulative preferred stock on October 1, 1947.

(5) Under the provisions of the cumulative preferred stock, the portion of the consolidated earned surplus of \$29,245,127 which is unrestricted as to the payment of dividends on the common stock is \$13,188,883.

(6) Depreciation of \$2,059,982 was provided in the accounts for the fiscal year ended April 30, 1948, and \$1,829,869 was provided for the prior fiscal year.

H. J. HEINZ COMPANY
And Consolidated Subsidiary Companies
SUMMARY OF INCOME STATEMENTS
FISCAL YEARS ENDED APRIL 30

	<u>1948</u>	<u>1947</u>	<u>1946</u>
Net sales and commissions	\$169,455,201	\$144,245,863	\$114,150,564
Cost of sales	118,725,604	100,415,998	80,223,367
	<hr/>	<hr/>	<hr/>
Gross profit	\$ 50,729,597	\$ 43,829,865	\$ 33,927,197
Selling, general and administrative expenses	40,623,698	29,750,557	24,652,220
	<hr/>	<hr/>	<hr/>
	\$ 10,105,899	\$ 14,079,308	\$ 9,274,977
Other income (net), including foreign exchange adjustments	995,614	1,150,223	446,031
	<hr/>	<hr/>	<hr/>
	\$ 11,101,513	\$ 15,229,531	\$ 9,721,008
Other deductions—interest expense and provision for management profit sharing plan	575,052	461,401	379,051
	<hr/>	<hr/>	<hr/>
	\$ 10,526,461	\$ 14,768,130	\$ 9,341,957
Provision for taxes on income	4,493,137	6,163,844	4,661,065
	<hr/>	<hr/>	<hr/>
Net income for the year	\$ 6,033,324	\$ 8,604,286	\$ 4,680,892
Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies	1,000,000	2,500,000	628,808
	<hr/>	<hr/>	<hr/>
Balance of net income—to earned surplus	\$ 5,033,324	\$ 6,104,286	\$ 4,052,084
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance of net income per share of common stock—after preferred dividends (A)	\$3.32	\$4.14	\$3.19
Cash dividends per share of common stock (A)	1.80	1.65	1.50

(A) Adjusted for the fiscal years 1939 to 1946, inclusive, to give effect to conversion of 4 shares for 1 share in October, 1946.
* Red Figures.

SUMMARY OF INCOME STATEMENTS (Continued)

<u>1945</u>	<u>1944</u>	<u>1943</u>	<u>1942</u>	<u>1941</u>	<u>1940</u>	<u>1939</u>
\$112,815,488	\$93,351,553	\$84,076,441	\$71,900,304	\$62,021,688	\$62,715,172	\$58,827,133
78,948,651	63,693,999	57,411,000	43,494,876	36,174,638	35,139,098	35,298,391
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 33,866,837	\$29,657,554	\$26,665,441	\$28,405,428	\$25,847,050	\$27,576,074	\$23,528,742
22,800,953	19,616,528	19,308,705	21,546,755	20,406,410	20,063,395	19,058,220
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 11,065,884	\$10,041,026	\$ 7,356,736	\$ 6,858,673	\$ 5,440,640	\$ 7,512,679	\$ 4,470,522
244,184	598,088	109,106	253,017	1,281,454	1,754,554*	63,661
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 11,310,068	\$10,639,114	\$ 7,465,842	\$ 7,111,690	\$ 6,722,094	\$ 5,758,125	\$ 4,534,183
543,205	366,851	248,957	394,133	203,130	225,446	308,060
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 10,766,863	\$10,272,263	\$ 7,216,885	\$ 6,717,557	\$ 6,518,964	\$ 5,532,679	\$ 4,226,123
6,284,809	6,383,515	3,566,088	2,795,073	1,871,595	2,587,372	1,223,519
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 4,482,054	\$ 3,888,748	\$ 3,650,797	\$ 3,922,484	\$ 4,647,369	\$ 2,945,307	\$ 3,002,604
1,082,020	224,183	330,763	698,434	1,085,792	500,000	100,000
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 3,400,034	\$ 3,664,565	\$ 3,320,034	\$ 3,224,050	\$ 3,561,577	\$ 2,445,307	\$ 2,902,604
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$2.65	\$2.87	\$2.58	\$2.67	\$2.95	\$2.02	\$2.40
1.50	1.50	1.50	1.50	1.50	1.875	1.50

HEINZ LOCATIONS

UNITED STATES

Principal Executive Office, Pittsburgh, Pa.

Warehouses and Sales Offices

Albany, N. Y.
Allentown, Pa.
Atlanta, Ga.
Baltimore, Md.
Birmingham, Ala.
*Boston, Mass. (Cambridge)
Buffalo, N. Y.
*Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dallas, Texas
Denver, Colo.
Des Moines, Iowa
*Detroit, Mich.
Duluth, Minn.
Fort Wayne, Ind.
Grand Rapids, Mich.
Harrisburg, Pa.
Hartford, Conn.
Houston, Texas
Indianapolis, Ind.
Jacksonville, Fla.
Johnstown, Pa.
Kansas City, Mo.
Knoxville, Tenn.
Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Miami, Fla.
Milwaukee, Wis.
Newark, N. J.

*Regional Sales Headquarters

New Orleans, La.
*New York, N. Y.
(Long Island City)
Norfolk, Va.
Oklahoma City, Okla.
Omaha, Neb.
*Philadelphia, Pa.
*Pittsburgh, Pa.
Portland, Me.
Portland, Ore.
Providence, R. I.
Rock Island, Ill.
Salt Lake City, Utah
San Antonio, Texas
*San Francisco, Calif.
(Oakland)
Scranton, Pa.
Seattle, Wash.
Sioux City, Iowa
Spokane, Wash.
*St. Louis, Mo.
St. Paul, Minn.
Syracuse, N. Y.
Toledo, Ohio
Washington, D. C.

Sub-Warehouses

Greensboro, N. C.
Huntington, W. Va.
Reading, Pa.
Savannah, Ga.
Tampa, Fla.

Factories

Berkeley, Calif.
Bowling Green, Ohio
Chambersburg, Pa.
Fremont, Ohio
Holland, Mich.
Medina, N. Y.
Muscatine, Iowa
Pittsburgh, Pa.
Salem, N. J.
Tracy, Calif.
Watsonville, Calif.
Winchester, Va.

Salting House

District Headquarters

Big Rapids, Mich.
Charlevoix, Mich.
Fremont, Mich.
Greeley, Colo.
Holland, Mich.
Isleton, Calif.
Muscatine, Iowa
Plymouth, Ind.
Portage, Wis.
Saginaw, Mich.

Numerous vegetable and pickle receiving stations operate in the areas surrounding the factories and salting houses.

THROUGHOUT THE WORLD

H. J. HEINZ COMPANY OF CANADA LIMITED

<i>Head Office</i>	Leamington, Ontario	Halifax, Nova Scotia
Leamington, Ontario	Winnipeg, Manitoba	Cape Breton Island, Nova Scotia
<i>Warehouses and Sales Branches</i>	Calgary, Alberta	St. John, New Brunswick
Halifax, Nova Scotia	Edmonton, Alberta	Lethbridge, Alberta
Quebec, Province of Quebec	Vancouver, British Columbia	
Montreal, Province of Quebec	<i>Sub-Warehouses</i>	<i>Factories</i>
Ottawa, Ontario	Charlottetown,	Leamington, Ontario
Toronto, Ontario	Prince Edward Island	Wallaceburg, Ontario

H. J. HEINZ, LTD., BRITISH ISLES

<i>Sales Branches</i>	Edinburgh	Newcastle
Belfast	Glasgow	Nottingham
Birmingham	Hull	Rochester
Bradford	Ipswich	Sheffield
Bristol	Leeds	Southampton
Cardiff	Liverpool	<i>Factories</i>
Chester	Harlesden	London
Dundee	Manchester	Standish, England

H. J. HEINZ COMPANY, PTY. LTD., AUSTRALIA

<i>Sales Branches</i>	<i>Factories</i>
Sydney, New South Wales	Melbourne
Melbourne, Victoria	Devon (Tasmania) operated for Tasmanian government
Brisbane, Queensland	
Adelaide, South Australia	

H. J. HEINZ COMPANY (ESPANA) S. L., SPAIN

Factories
Seville

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

MEET THE 57 VARIETIES

1. Heinz Oven-Baked Beans with Pork and Tomato Sauce.
2. Heinz Oven-Baked Beans with Molasses Sauce and Pork—Boston Style.
3. Heinz Oven-Baked Beans in Tomato Sauce without Meat—Vegetarian.
4. Heinz Chili Con Carne.
5. Heinz Condensed Cream of Asparagus Soup.
6. Heinz Condensed Cream of Green Pea Soup.
7. Heinz Condensed Cream of Mushroom Soup.
8. Heinz Condensed Cream of Tomato Soup.
9. Heinz Condensed Chicken Soup with Rice.
10. Heinz Condensed Beef Noodle Soup.
11. Heinz Condensed Bean Soup with Smoked Pork.
12. Heinz Condensed Gumbo Creole Soup.
13. Heinz Condensed Chicken Noodle Soup.
14. Heinz Condensed Cream of Chicken Soup.
15. Heinz Condensed Clam Chowder.
16. Heinz Condensed Scotch Broth.
17. Heinz Condensed Beef Soup with Vegetables.
18. Heinz Condensed Vegetable Soup with Beef Stock.
19. Heinz Condensed Vegetable Soup without Meat.
20. Heinz Mince Meat.
21. Heinz Fig Pudding.
22. Heinz Plum Pudding.
23. Heinz Cooked Spaghetti.
24. Heinz Cooked Macaroni.
25. Heinz Apple Jelly.
26. Heinz Crabapple Jelly.
27. Heinz Grape Jelly.
28. Heinz Red Currant Jelly.
29. Heinz Peanut Butter.
30. Heinz Pickles—Sweet and Sour.
31. Heinz Chow Chow Pickle.
32. Heinz Dill Pickles.
33. Heinz Fresh Cucumber Pickle.
34. Heinz Sweet Mustard Pickle.
35. Heinz India Relish.
36. Heinz Preserved Onions.
37. Heinz Pre-Cooked Cereal Food.
38. Heinz Pre-Cooked Oatmeal.
39. Heinz Strained Fruits.
40. Heinz Strained Vegetables.
41. Heinz Strained Meat Products.
42. Heinz Strained Baby Desserts.
43. Heinz Junior Fruits.
44. Heinz Junior Vegetables.
45. Heinz Junior Meat Products.
46. Heinz Prepared Mustard.
47. Heinz Prepared Mustard (Mild).
48. Heinz Tomato Juice.
49. Heinz Tomato Ketchup.
50. Heinz Chili Sauce.
51. Heinz 57 Sauce.
52. Heinz Worcestershire Sauce.
53. Heinz Dehydrated Horse Radish.
54. Heinz Cider Vinegar.
55. Heinz White Vinegar.
56. Heinz Malt Vinegar.
57. Heinz Tarragon Vinegar.

Distributed for other manufacturers—Sun-Maid Raisins, Magic Onions and Swerl.



